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UNCLAS RANGOON 000921

SIPDIS

STATE FOR EAP/BCLTV, EAP/EX, EB/ESC/ESP
COMMERCE FOR ITA JEAN KELLY
TREASURY FOR OFAC, OASIA JEFF NEIL
USPACOM FOR FPA

E.O. 12958: N/A

TAGS: [EFIN](#) [AFIN](#) [BM](#)

SUBJECT: NATIVES RESTLESS OVER SCOPE OF NEW SANCTIONS

1. This is an action request. Please see paragraph 5.

2. The Charge d'Affaires, a.i. and Econoff held briefings on the new U.S. sanctions on July 30th for U.S. citizens, and July 31st for Burmese and third-country businesspeople, NGOs, and the diplomatic and UN community. Both briefings were well-received. We asked the attendees not to debate U.S. policy, but to stay focused on technical issues. Generally the two audiences complied, but were genuinely shocked, and in some cases irked, by the ramifications of the sanctions -- particularly the ban on financial services. We tried to give general advice and explanations about the sanctions, but advised all to contact an attorney or OFAC directly to discuss specific cases.

3. The U.S. citizens, including representatives of U.S. companies and U.S.-based NGOs, were concerned that they would not be able to import their personal effects when they returned to the United States. Many have lived in Burma for years, and have accumulated Burmese-made products of significant value. Several asked whether there might be some kind of waiver for U.S. citizens to carry home personal effects, or for those who could prove they had purchased Burmese products before the import ban went into effect. U.S. citizens conducting business in Burma were quite worried that they would no longer be able to get U.S. dollars transferred to Burma from the United States or a third-country. The businesspeople agreed that the impact of the sanctions would depend in part if the GOB can adapt its trade policy to accept letters of credit in currencies other than the U.S. dollars.

4. The second briefing filled the American Center auditorium beyond capacity and was somewhat more heated than the first. Representatives of foreign embassies in Rangoon were upset that remittances of dollars into Burma to fund Embassy payrolls and operations were not covered by the first general license. Several Ambassadors urged us to pressure Treasury to issue such a license for them as soon as possible. The UN representatives were pleased to be included in the initial general license, but confused as to how they would be able to bring in funds without relying on frozen correspondent accounts in the United States. Many businesspeople and NGO representatives asked about the status of payments that fall afoul of the remittance ban and asset freeze, whether these payments would also be frozen, or merely returned to sender.

5. Action requested: We would appreciate specific guidance on the legality of transactions (both for those with general licenses and those without licenses) in U.S. dollars from a third-country bank outside the United States, directly to a state-owned bank in Burma. Also, please advise whether U.S. dollar letters of credit, even if between a third-country bank and a Burmese bank, will become problematic under the new law.
McMullen